



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE

2006 WASHINGTON BOULEVARD BUILDING
234 STATE STREET
DETROIT, MICHIGAN 48226

GAC 00335

092948

MAR 17 1971

Commanding Officer
U.S. Naval Communication Station
Londonderry, Northern Ireland

DLG05848



Dear Sir:

As part of our centralized examination of disbursing officers' accounts at the Navy Finance Center, Cleveland, we tested the accounts submitted by your disbursing officer for the period January through June 1970. Applying sampling techniques, we examined 196 of the 390 military pay records closed during the period and 133 of the 240 travel voucher payments. We also examined a selected number of procurement and collection transactions.

DLG03666

The exercise of greater diligence in processing financial transactions could result in substantial improvements in your disbursing activities. Three hundred and twenty-nine errors resulted in over and underpayments totaling \$5,021 and 78 errors resulted in improper recording of leave, taxable income, and tax withheld. Further, we observed insufficient support for imprest fund transactions and a lack of care in pay record preparation. Projecting our sample findings, we estimate 367 additional errors (289 totaling \$3,663 and 78 in leave or tax recording) were made in the 6-month period. The number, variety, and recurrent nature of many of these errors show a serious failure to follow regulations as well as a lack of care normally expected when making disbursements.

All of the errors are summarized in the appendix. To illustrate the types of errors found, several examples are discussed below.

Military pay records

--Sixty-six leave accounting errors resulted in incorrect leave balances on 57 of the 196 pay records examined--a total of 702 days. Errors were made in several aspects of leave accounting--computing balances incorrectly, failing to charge leave used, charging leave on delays en route incorrectly, crediting leave earned improperly, and charging leave twice. Thirty-three of the errors also resulted in incorrect payment of leave rations.

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50TH ANNIVERSARY 1921-1971

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- Ten men were overpaid \$1,127 because payments were not charged on their pay records.
- Ten men were not paid subsistence (commuted ration rate) for proceed time as required by DODPM, DLT 3-1-5, rule 9. Seven others received incorrect subsistence because amounts credited were not reduced for periods of temporary duty or leave, wrong rates were used, payments were made twice for the same period, or extension errors were made.
- Seven dislocation allowance payments and one variable reenlistment bonus were not recorded on the pay records as taxable income. In other cases, taxable income was computed incorrectly and tax withheld was recorded incorrectly.
- Under and overpayments totaling \$235 resulted from improper computations or extensions of entries on 10 pay records. The failure to maintain pay records in accordance with regulations also could have resulted in other incorrect payments. For example, many opening entries were not attested to by the disbursing officer (or an authorized deputy); 69 pay records had pencil entries even though entries are required to be typed, printed, or stamped, in permanent-type ink; and 85 pay records were not "closed out" to show debit and credit totals. Instructions for maintaining pay records and the related responsibilities of disbursing officers are discussed in chapters 1 and 2, Part 9, of the MPP.

Military travel vouchers

- Forty-three men received excessive payments because their per diem was not reduced by 50 percent for quarters on the day of arrival at their new permanent duty station--paragraph M4254-1, item 1 of the JTR. Conversely, five others were underpaid because their per diem was improperly reduced for quarters on the day of return from temporary additional duty--paragraphs M4253-1, item 2 and M4254-1, item 2 of the JTR. For examples, see vouchers 1034 and 1233.

--Per diem paid to 20 men traveling outside the United States was computed incorrectly because \$2.25--rather than 14 percent of the per diem rate--was deducted for available Government meals. Per diem paid to eight others was not reduced for meals available at their duty station on days of departure and return--paragraph M4254-2 of the JTR. For examples, see vouchers 1028 and 1317.

--Four men were paid outdated per diem rates for foreign travel. On January 2, 1970, a \$23 per diem rate became effective for London, yet the old rate of \$20 was used after that date. For example, see voucher 1659.

--Dependent travel payments were incorrect in 15 cases. In seven cases, payments were made for travel between unauthorized points; in five, incorrect distances were used; and in three others, wrong allowance rates were used--paragraphs M7000, M7055, M7062 and M7003 of the JTR. For examples, see vouchers 1295, 1028 and 1791.

Civilian travel vouchers

--Travel payments to several civilian employees were based on Volume 1 of the JTR which applies to military personnel. As a result, wrong per diem rates were used and improper adjustments were made when employees received Government quarters and meals (for examples, see vouchers 1545 and 1558). Civilian employee travel regulations are in Volume 2 of the JTR.

Imprest fund vouchers

--The imprest fund cashier was changed February 1, 1970. Documents subsequently processed did not have signed receiving and inspection stamps as required by paragraph 5028-3c of the Field Purchasing Manual, NavSup Publication 467.

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Our review was limited to examining records available at the Finance Center. The number and types of errors indicate, however, that disbursing personnel need to become more familiar with pay, travel, and other regulations and the disbursing officer should exercise more care before making disbursements. We believe this matter urgently

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needs your personal attention and continuing surveillance. We recommend you use this report as a basis for inquiring into the causes of the errors and initiating corrective action. We would appreciate your advice on the causes and measures taken to prevent recurrence.

To assist you we are enclosing information copies of our notices of exception and informal inquiries relating to several errors. If you need additional details, please let us know.

We are sending copies of this letter to the Comptroller of the Navy; the Director, Navy Military Pay System; the Commanding Officer, Norfolk Navy Regional Finance Center; and the Director, Boston Naval Area Audit Service.

Sincerely yours,

C. H. Moore

C. H. Moore
Regional Manager

Enclosures--2

Appendix

Copies of notices of exception
and informal inquiries

GPO : 1967 O - 200-000

U. S. GENERAL ACCOUNTING OFFICE
DETROIT REGIONAL OFFICE

SUMMARY OF ERRORS FOUND IN
AUDIT OF JANUARY THROUGH JUNE 1970 ACCOUNTS OF
U. S. NAVAL COMMUNICATION STATION, LONDONDERRY, NORTHERN IRELAND

MILITARY PAY RECORDS

<u>Type of errors</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Leave rations not credited or credited incorrectly	33	\$ 61.21	\$ 416.49
Payroll entry not posted or posted incorrectly	11	1,129.00	
Computation and extensions incorrect	10	203.67	31.39
Commutated rations not credited for proceed time	10		55.32
Travel advances not credited or credited incorrectly	9	43.52	677.84
Commutated rations not stopped during absence or credited incorrectly	7	65.41	1.38
Wrong base pay rate	2	10.78	27.69
Basic allowance for quarters not paid to single member on permanent change of station	1		107.64
Basic clothing maintenance allowance not credited	1		18.88
Subtotal	<u>84</u>	<u>\$1,513.59</u>	<u>\$1,336.63</u>

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

Per diem

Quarters not deducted on day of arrival at permanent station	43	172.00	
Meals deducted at wrong rate	20	1.95	29.07
Flight meals deducted incorrectly	16	17.22	19.80
Not paid for overseas travel	14		120.12
Computation incorrect	8	161.56	13.50
Wrong rate	9	46.20	13.00

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MILITARY TRAVEL - PERMANENT CHANGE OF STATION

<u>Type of errors</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Meals not deducted - day of arrival at permanent station	7	7.54	
Not paid while awaiting transportation or for temporary duty	6		141.40
Unallowable in mileage or leave status	6	61.20	
Unallowable at permanent station	3	102.04	
Unallowable prior to reporting to first permanent station	2	59.00	
<u>Transportation of member</u>			
Incorrect distance	13	\$ 9.00	\$ 22.08
Unauthorized reimbursement of cost of tickets over \$15	7	61.98	13.21
Mixed modes of travel computed incorrectly	3	67.10	2.78
Government transportation furnished	2	41.10	
Not paid between authorized points	2		9.30
<u>Dependent travel</u>			
Unauthorized travel points	7	242.40	26.22
Incorrect distances	5	13.50	6.27
Wrong rate	3	88.32	81.66
<u>Reimbursable expenses</u>			
Paid excess allowances for travelers checks	3	12.00	
Unallowable ferry fares for car on foreign carrier	1	53.70	
Duplicate payment	1	30.00	
Unallowable in mileage status	1	1.00	
Subtotal	<u>132</u>	<u>\$1,248.81</u>	<u>\$ 498.41</u>

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

Per diem

Wrong rate	12	81.32	28.47
Meals not deducted on day of departure or return to permanent station	3	27.80	

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MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Type of errors</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Meals deducted improperly at temporary station	2	7.42	6.30
Quarters deducted improperly on day of return to permanent station	5		15.03
Officer's per diem not increased for food costs	1		2.50
<u>Transportation</u>			
Unauthorized reimbursement of cost of ticket over \$15	1	5.40	
<u>Reimbursable expenses</u>			
Paid in excess of authorized quarters charge	4	13.10	
Unauthorized reimbursement for transportation provided by foreign government	1	6.80	
Subtotal	<u>34</u>	<u>\$ 141.84</u>	<u>\$ 52.30</u>

MILITARY TRAVEL - SEPARATION FROM SERVICE

Incorrect port of debarkation	<u>2</u>	<u>28.62</u>	
Subtotal	<u>2</u>	<u>\$ 28.62</u>	

CIVILIAN TRAVELPer diem

Payment based on military regulations	12	17.20	96.58
Deduction not made for free use of Government quarters	4	21.00	
Wrong rate	2		33.25
Unallowable in leave status	1	18.00	
Incorrect computation	1		2.65

Reimbursable expenses

Paid in excess of authorized quarters charge	<u>7</u>	<u>12.00</u>	
Subtotal	<u>27</u>	<u>\$ 68.20</u>	<u>\$ 132.48</u>
Total - monetary errors	<u>329</u>	<u>\$3,001.06</u>	<u>\$2,019.82</u>

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LEAVE ACCOUNTING

<u>Type of errors</u>	<u>Number</u>	<u>Overstated</u>	<u>Understated</u>
Balances computed incorrectly	20	224 days	11 days
Not charged	19	303	
Delay en route incorrectly charged	14	7	10
Credited incorrectly	10	106½	4½
Duplicate charges	3		36
Total - leave errors	<u>66</u>	<u>640½ days</u>	<u>61½ days</u>

TAX REPORTING

Dislocation allowance not recorded as taxable income	7
Taxable income computed incorrectly	2
Tax withheld computed incorrectly	2
Variable readjustment bonus not recorded as taxable income	1
Total - Tax errors	<u>12</u>
Total - all errors	<u>407</u>